IAMAI
Internet And Mobile Association Of India

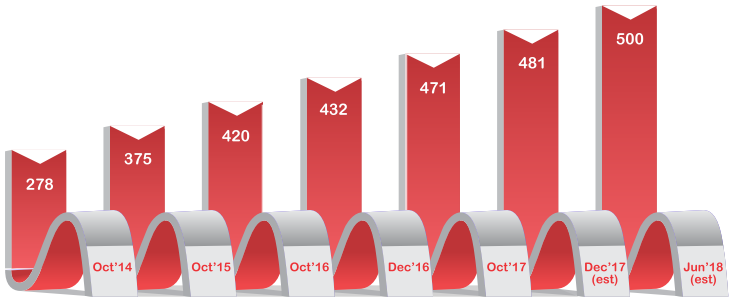
KANTAR IMRB

Internet in India 2017

Internet in India: The Overall Numbers

As on December 2017, India has an estimated 481 million Internet users[1], which is a growth of 11.34% over December 2016 estimated figures. It is estimated that India will have around 500 Million(Mn) Internet users by June 2018. The overall internet penetration is 35% of total population as on December 2016.

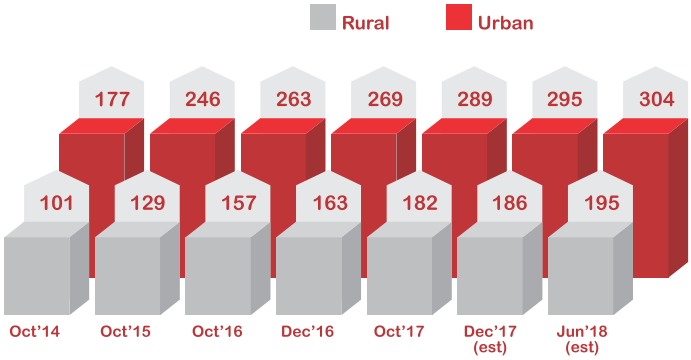
Internet Users (in MN)



Source: Kantar-IMRB I-Cube 2017, All India Users Estimates, October 2017

Growth in Internet Usage: Rural-urban Analysis

Internet User (in Mns): Rural-Urban Analysis



Source: Kantar-IMRB I-Cube 2017, All India Users Estimates, October 2017

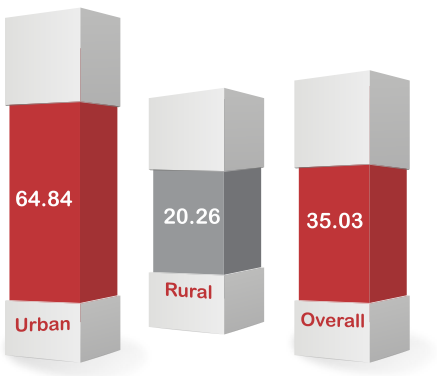
Urban India witnessed a growth of 9.66% from last December and is presently estimated to have around 295 Mn Internet users by December 2017. Thus, in just 3 years, Urban Indian internet users surpass overall internet users from 2014. This reflects the pace of growth of internet users in Urban India.

Rural India witnessed a growth of 14.11% from last December and is presently estimated to have around 186 Mn Internet users by December 2017.

Even though the growth rate of Rural India may seem higher, it is mainly due to the low base effect; given total internet users in Rural India is still critically low.

Internet penetration in Urban India is 64.84% in December 2017 as compared to 60.6% last December. In comparison, Rural Internet penetration has grown from 18% last December to 20.26% in December 2017. Given that total Urban population is much lower than total Rural population, the Urban-Rural Digital divide is actually more acute than what the penetration numbers convey.

Internet Penetration (as % of population)

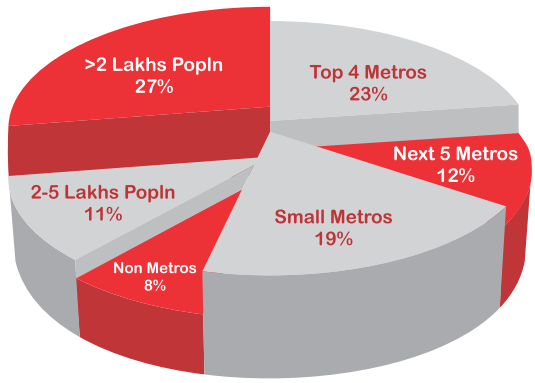


Source: Kantar-IMRB I-Cube 2017, All India Users Estimates, October 2017

[1]Internet User: Users who have ever accessed internet.

Analysis of Urban Internet Users Base

Urban Internet Users by Town Class (in %)



Source: Kantar-IMRB I-Cube 2017, All India Urban Internet Users Estimates, October 2017
See Annexure for details

The skewness of Internet Users is further proven by the fact that the top 9 cities account for 35% of all Urban internet users of India. The smaller metros and non-metros have internet penetration levels lower than the national average for Rural India.

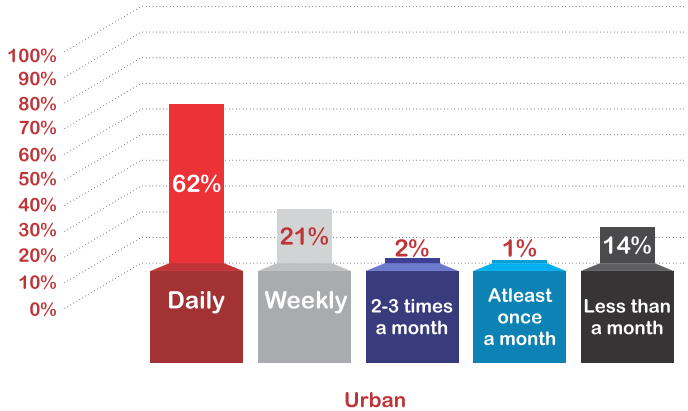
In Urban India, Delhi, Mumbai and Kolkata are the top 3 cities that have the highest penetration, while Fatehpur, Jagdalpur and Imphal are on the bottom among the list of 170+ cities covered under the survey.

Frequency of Internet Access

In terms of frequency of usage, an estimated 182.9 Mn Urban users access internet daily, as compared to only 98 Mn users in Rural India. Almost double the proportion of Rural Users access internet less than once a month in Rural India as compared to Urban India.

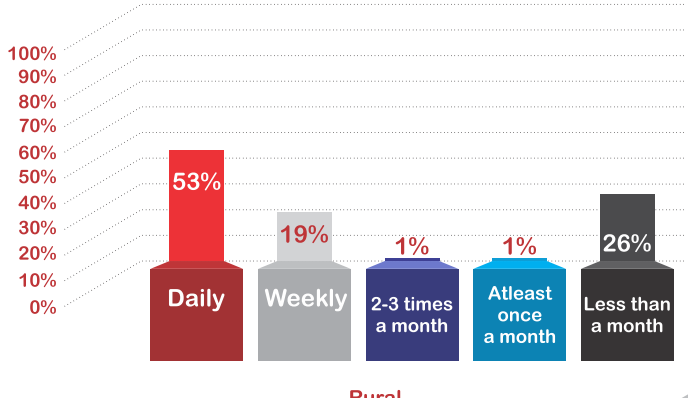
The usage pattern is closely related to connectivity, quality of service, affordability and many such factors. One critical aspect is the purpose of usage of Internet.

Frequency of Usage (in %)



Urban

Frequency of Usage (in %)



Rural

Purpose of Accessing the Internet

Online communication remained the top activity among Urban India internet users. Entertainment related activities (like audio/ video streaming and downloading) has witnessed a huge surge and is the second popular digital activity among Urban India internet users.

Purpose of Access, Urban India

Source: Kantar-IMRB ICUBE 2017, All India Urban Internet Users Estimates, October 2017

Purpose of Access, Rural India

In Rural India, Entertainment is observed to be the most common purpose for accessing the Internet followed by online communication and social networking.

Source: Kantar-IMRB ICUBE 2017, All India Rural Internet Users Estimates, October 2017

Online Communication has dethroned Social Networking as the second most popular usage in Rural India, as compared to last year, which reflects better usage of digital services for communication in the Rural sectors.

However, Online financial transactions, which cover both e-commerce activities and digital payments/transfers still lag considerably, despite demonetisation and drive to promote digital payments over the last one year.

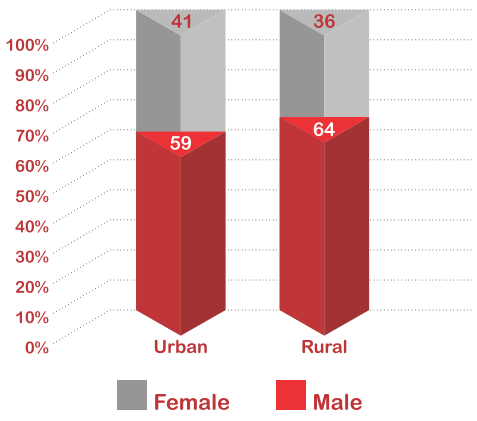
Earlier I-Cube surveys had revealed that users in Rural India as not continuously online in real time, but have the habit of switching off the internet for long periods only to switch on to catch up with updates on their activities over the internet. Lack of facility to charge devices, poor quality of service, affordability of internet service packages, etc. are some of the reasons for such behaviours. This trend seems to continue this year as well. Unless this trend is reversed, the usage purposes will remain skewed and offtake of digital services like digital payments etc. will remain restricted.

Demography of Internet Users

Internet user market is still a male preserve in India. While "Digital India" is paving its way in Rural India, the underlining digital gender gap still persists. Digital literacy is therefore a key to ensure everyone stays informed, engaged and safe online.

In terms of other parameters of demography, internet is the preserve for youngsters, with students and youngsters accounting for around 60% of all internet users in India.

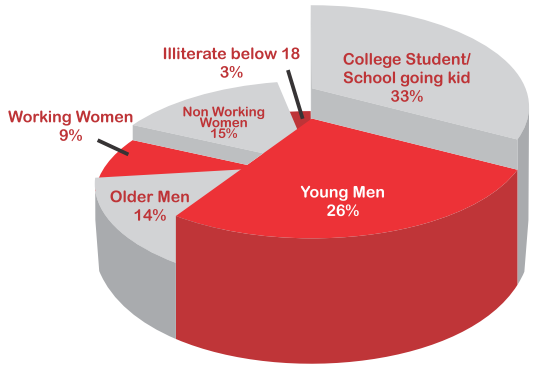
Gender Ratio in %



Source: Kantar-IMRB I-Cube 2017, All India Users Estimates, October 2017

The demographic profile and the purpose of usage are interlinked. Popularity of entertainment, social networking etc. makes internet more attractive for youngsters presently. Unless digitalisation of important civic and social services as envisioned under e-governance programmes really take-off, the internet will remain to be perceived as a medium of entertainment for youngsters.

Internet User Demographic Profile



Source: Kantar-IMRB I-Cube 2017, All India Users Estimates, October 2017
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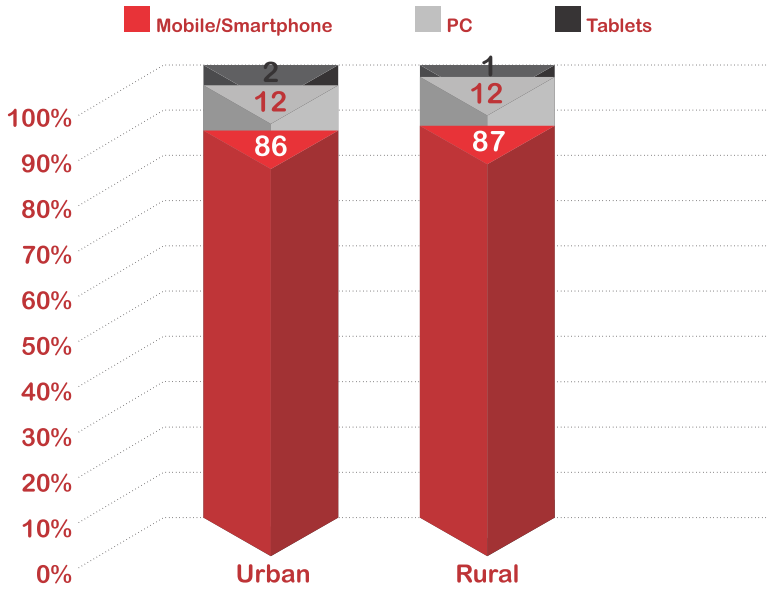
Devices for Internet Access

Device of access



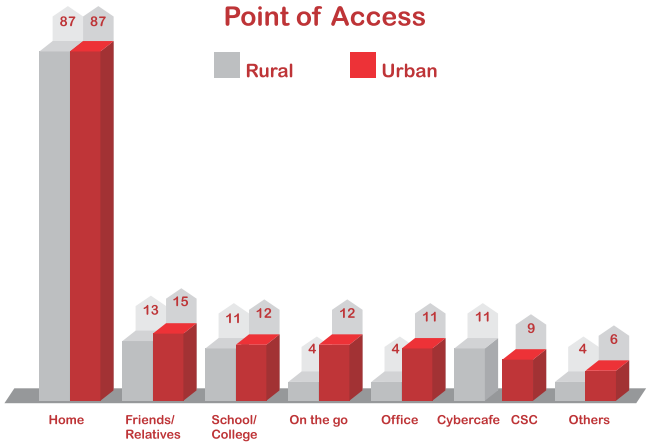
Source: Kantar-IMRB I-Cube 2017, All India Users Estimates, October 2017

Mobile remains the device of choice for accessing internet. The proportion of Mobile in Rural India was always high given the lack of decent broadband facilities and the affordability of desktop/laptops vis-à-vis budget smartphones.

The proportion of smartphone vis-à-vis other devices has increased considerably in Urban India (in 2016, 77% reported Mobile as the device for internet access). The affordability and multifunctionality of smartphones make mobile as the device of choice for users in both Rural and Urban India.

This in turn means that the bulk of the internet traffic is routed via mobile data packages. The advent of services like Reliance Jio have revolutionised mobile internet and going forward, introduction of better quality of service via spread of 4G technology and adaption of 5G will be critical for internet penetration in India.

Point of Internet Access



Source: Kantar-IMRB I-Cube 2017, All India Users Estimates, October 2017

Not surprisingly, Home is the most preferred place of accessing internet today. There has been a steady shift from earlier reported preferences for Office and Cybercafes for Urban India.

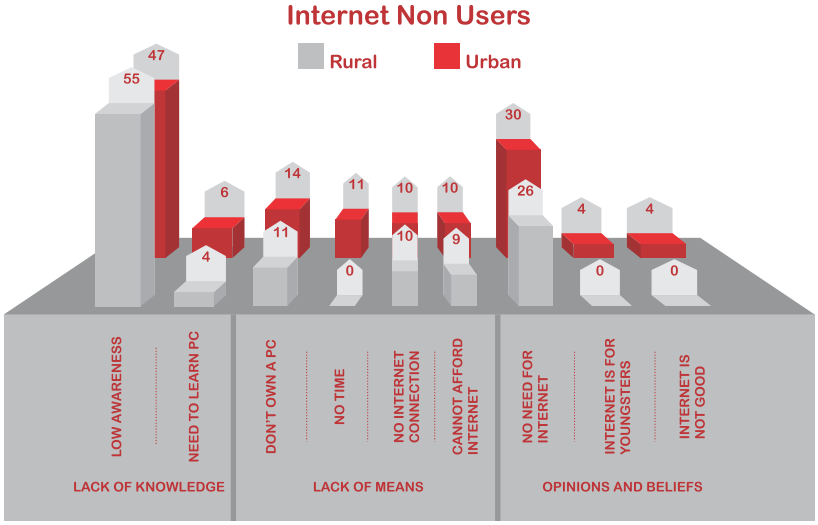
The access patterns for both Urban and Rural India are similar. However, it is disheartening to note that despite the good work done in developing Community Service Centres (CSC) in Rural regions, the usage of CSCs for accessing internet remains quite low. Unless e-governance and other important digital services off take increase, the usage of internet will remain restricted to entertainment purposes and utilisation of CSCs will remain low.

It is important to note that accessing internet On the Go (while traveling) is comparatively higher for Urban India than Rural India, even though mobile is the most preferred device of access for both regions. This highlights the earlier stated problem of connectivity, quality of service and affordability of mobile internet services in Rural India because of which most users are not online in real time.

Behaviour of Internet Non-users

Most internet non-users cite low awareness which in turn triggers the reaction that they do not need internet. In Urban India, respondents also considered internet to be for youngsters for entertainment.

It is to be noted that lack of connectivity or affordability ranks lower than awareness in both Rural and Urban India. Clearly, the first roadblock for internet penetration is public awareness of its benefits.



Source: Kantar-IMRB I-Cube 2017, All India Users Estimates, October 2017, figures reported in %

In Conclusion

India is the second largest internet user base in the world, and is about to reach the magical figure of 500 million by June 2018. While internet growth is reaching a peak in Urban India with 64% internet penetration already achieved, it has barely reached the tip of the iceberg of its potential in Rural India where penetration is still as low as 20%. In terms of numbers, there are approximately 160 Mn potential new internet users in Urban India; as compared to 732 million potential users in Rural India, which is almost double the present internet user numbers in India.

One of the major factor of restriction of internet penetration seems to be the purpose of internet and thereby the perception about internet. Internet will be perceived as something for the youngsters as long as it is driven by social media, digital entertainment and social communication services. The real utilisation of internet will be driven by the next generation of services like healthtech, edutech, agritech, fintech. Digital India can never be realised till all important and critical services are made available via the digital medium.

Despite the drive and promotion for digital payments and forced demonetisation, services like digital payments have not really taken off in India. The same applies for the offtake of the various services in the other fields as well.

The success of Digital India will hinge on addressing the various forms of digital divides in the country; be it the Rural-Urban divide, the gender divide, or the age divide; and by ensuring digitalisation of essential services that affect day to day lives of the people.

Annexure: Study Methodology, Demographic Segments and Sampling Procedures

Target Segments

I-Cube 2017 covered 171 cities for Urban India.
Below are the cities that have been covered in this research:

Cities by Strata	
Top 4 Metros (10 Million+)	Delhi, Mumbai, Chennai & Kolkata
Other 5 Metros (Between 4 to 10 Million)	Bangalore, Hyderabad, Ahmadabad, Pune & Surat
Small Metro (Between 1 to 4 Million)	Coimbatore, Jaipur, Lucknow, Ludhiana, Visakhapatnam, Patna, Guwahati, Kochi, Vadodara, Indore, Nagpur, Aurangabad, Raipur, Faridabad, Jamshedpur, Asansol & Ghaziabad UA
Non Metro (Between 0.5 to 1 Million)	Belgaum, Aligarh, Bhubaneswar, Durgapur, Malegaon, Salem, Dehradun, Warangal, Gurgaon, Bokara, Bikaner, Jalandhar, Bhavnagar, Mysore UA & Noida (CT)
Small Town (Less than 0.5 Million)	Alappuzha, Faizabad, Panipat, Kanchipuram, Raichur, Nizamabad, Bilaspur, Gaya, Shillong, Latur, Navsari, Bhilwara, Dewas, Kurnool, Silchar, Deoghar, Patiala, Burdwan, Tumkur, SagarUA, Brahmapur, Kolaghat, Baleshwar, Balasore, Philbit, Amreli and many more...

Demographic Segments

Below are the Demographic segments covered in this research:

Demographic Segments	Definition
School-Going Kids	Kids below 18 years of age who are attending or completed school education and not attending college
College Going Students	Students above the age of 16 years studying in college or university
Young Men	Working men aged between 19-35 years
Older Men	Men above 35 years of age who might be working or not working
Working Women	Working women aged more than 19 years
Non-Working Women	Non-Working women aged more than 19 years
School Dropout	Kids below 18 years of age who are not attending school, college or university

About IAMAI

The Internet and Mobile Association of India (IAMAI) is a young and vibrant association representing the entire gamut of digital businesses in India. It was established in 2004 by the leading online publishers but, in the last 13 years, has come to effectively address the challenges facing the digital and online industry including mobile content and services, online publishing, mobile advertising, online advertising, ecommerce and mobile and digital payments among others.

Thirteen years after its establishment, the association is still the only professional body representing the online industry. The association is registered under the Societies Act and is a recognised charity in Maharashtra. With a membership of nearly 300 Indian and overseas companies, and with offices in Mumbai, Delhi, Bengaluru and Kolkata, the association is well placed to work towards charting a growth path for the digital industry in India.

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About Kantar IMRB

Kantar IMRB is a pioneer of market research services in Asia. It partners its clients across the entire brand lifecycle through a unique mix of innovation and analytical thinking to design customized solutions that deliver maximum impact. By leveraging on its large array of syndicated services and specialist divisions, Kantar IMRB helps clients in crafting marketing and consumer strategies. With a multi-disciplinary and multi-cultural workforce, it is at the forefront of research and consulting services.

An eight-time recipient of "Agency of the Year", Kantar IMRB's footprint extends to 50 offices across 19 countries.

This report has been drafted by the specialized Technology division of Kantar IMRB.

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